A

10.7.47

File No. 97

19 37

Collection No.

Mysore Resident's Office

66

Pros. Serial Nos. 1 + 44

Srs 18, 25 &
42 of 1937
Bdle

Subject.

Circular instructions on income-tax issued by the Central Board of Revenue

Previous References.

File 66 of 1936

Later References.

A.

26/11/45

Office of
Secretary
Relief
30/31 Wb

CORRESPONDENCE.

S IV.1

C.No.918-I.T./36.

CENTRAL BOARD OF REVENUE.

New Delhi, the 24th December 1936.

From

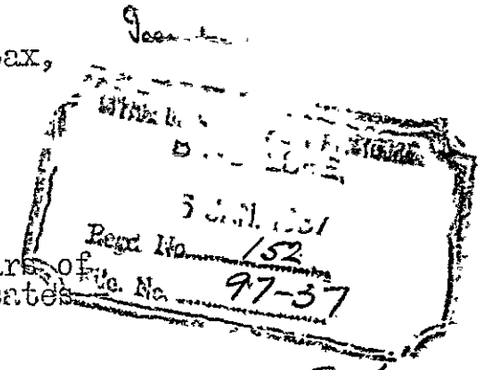
Rai Bahadur Pandit Ram Nath, B.A.,

Second Secretary, Central Board of Revenue,

To

All Commissioners of Income-tax,

(except Punjab).



Sir,

Arrears - Uncollected arrears of Income-tax - Under Certificates - Recovery of

F. 66-36

The Commissioner of Income-tax, Punjab has reported that position in respect of uncollected arrears of tax under Section 46(2) of the Income-tax Act, 1922, is unsatisfactory in the Punjab, North West Frontier and Delhi Provinces and that he is addressing the Local Governments concerned with a view to improve it. The Board would like to know what has been the position in other Provinces in this respect up to the end of October 1936. I am accordingly directed to request that information in the following form may be furnished to the Board:-

Province.	Annual direct assessment demand.	Uncollected arrears (brought forward from 35-36)		Unsatisfied certificates for years up to 34-35.	
		HIGHER	LOWER.		
	Rs	Rs	Rs	Number	Rs Amount

I have the honour to be,
Sir,
Your most obedient servant,

Ram Nath
24-12-36

Second Secretary, Central Board of Revenue.

SR.
28-12-36.

S.N.2.

12

THE OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 21st Jan. 1937.

No.F.97-37/R.O.I.

A copy of the undermentioned paper(s) is forwarded to the Assistant Commission of Income-tax, Civil and Military Station, Bangalore, with the request that the information asked for may kindly be furnished at an early date

~~for information,~~ ~~in continuation of~~ ~~with reference to~~ ~~the correspondence ending with (his)~~

~~Memorandum~~ ~~letter~~ ~~from~~ ~~endorsement~~

~~No.~~ ~~, dated the~~

By order, etc.,

for ~~Asst. Secy.~~ Secretary to the Resident in Mysore.
&
Commissioner of Income-tax.

List of papers.

Letter from the Central of Revenue C.No.918-I.T./36 dated the 24th December 1936.

S.N.3

13

No. I.T.Gl. 3

OFFICE OF THE ASSISTANT COMMISSIONER OF INCOME-TAX, C. & M. STATION,

Bangalore, the 29th January, *1937*.

FROM

L. J. MacIver, Esq., I.C.S.,
ASSISTANT COMMISSIONER OF INCOME-TAX,
CIVIL AND MILITARY STATION,
BANGALORE.

To

The Secretary to the Hon'ble the Resident
in Mysore & Commissioner of Incometax,
Civil & Military Station,
BANGALORE.

2-2-37

OFFICE OF THE RESIDENT IN MYSORE
BANGALORE.
-1 FEB. 37
Regd No. 1287
File No. 97-37

Subject :—
Arrears - uncollected arrears of Income-tax - Under certificates Recovery of

---

SIR,

S.N.2 C.I-2 (N)

S.N.1 C.I-1 (N)

With reference to your endorsement No.F.97-37/R.O.I dated 21st January 1937, on the letter from the Central Board of Revenue, C.No.918-I.T./36, dated the 24th December 1936, I have the honour to furnish below the following particulars:-

Province	Annual direct assessment demand - 1935-36.	Uncollected arrears brought forward from 1935-36.		Unsatisfied certificates for years upto 1934-35.	
		Higher	Lower	No.	Amount.
	Rs.	Rs.	Rs.		Rs.
C.& M. Station, Bangalore.	4,10,924	2,528	9	3	111*

*A sum of Rs.40/- has since been collected.

I have the honour to be,
Sir,
Your most obedient servant

ASSISTANT COMMISSIONER.

DESPATCHED
JAN. 7

MVS.

S.N.4

DEPARTMENT.

BRANCH.

File No.

Serial No.

Draft Letter / Memorandum / Telegram

Ordinary / Express / Urgent* / Priority / Clear Line†

Class for telegrams

*Only for Foreign Telegrams.

†Not for Foreign Telegrams.

No. F.97/37/R.O.I Dated 13th Feb. 1937

To be issued on

Issued on

1st Reminder

2nd Reminder

3rd Reminder

Heading:

Case or Diary No.

If post copy of telegram required

Date of despatch of above

List of enclosures

To

The Second Secretary,

Central Board of Revenue.

Uncollected arrears of tax under Section 46(2) of the Income-tax Act.

Sir,

With reference to your letter C. S.N.1 C.p. 1 'N' No. 918-I.T./36, dated the 24th December (~~Code word for telegrams.~~) 1936, I have the honour to furnish -- the following particulars:-

Province	Annual direct assessment demand 1935-36	Uncollected arrears brought forward from 1935-36		Unsatisfied certificates for years upto 1934-35	
		Higher	Lower	No.	Amount
C.& M. Station, Bangalore	Rs. 4,10,924	Rs 2,528	Rs 9	3	Rs *111

*A sum of Rs. 40/- has since been collected.

I have etc.,

Secy to Govt. 9/2

For Commissioner of IT.

S.5.

MGIPC—S1—158(Genl)MFP—(M-1983)—3-5-34—50,000 Pads

6-2-37

S N S

15

D.Dis.No.856-I.T./36.

CENTRAL BOARD OF REVENUE.

New Delhi, the 11th February 1937.

A copy of
Two copies of the undermentioned paper are
A copy of is

forwarded to all Commissioners of Income-tax (except
Commissioner of Income-tax Central
Commissioner of Income-tax Punjab

Punjab and Central and United Provinces) in continuation
and United Provinces with reference to his Demi-official
North-West Frontier and Delhi Province for information.

of Board's demi-official R.Dis.No.973-I.T/33 dated the
letter T.No.692-22/35, dated the 28th October 1936.

× 26th February 1936.

× S.N.S/C.P.18
F. 66-36
(13)

By order, etc.,

12.2.37.

for Second Secretary, Central Board of Revenue.

List of Paper forwarded.

India Army Orders dated 16th April 1936 including Order No.282 regarding assessment to income-tax of the value of rent free quarters occupied by the officers paid from the Defence Services Estimates.

152

23.2.37

OFFICE OF THE RESIDENT IN BALUCHISTAN
CAMP QUETTA
20 FEB. 1937
Regd No. 1975
File No. 97-37

Wal/12.2

Res. Mysore 39.

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 9th March 1937.

No. F. 97-37 / R. O. I.

A copy of the undermentioned paper(s) is forwarded to the

Assistant Commissioner of Income-tax, C & M Station, Bangalore,

~~for information,~~ in continuation of / ~~with reference to~~ the ~~correspondence ending with his~~

S.N.6/C.P.21 / F.66-36 ~~Memorandum~~ / ~~letter~~ / endorsement from this Residency No.F.66-36/R.O.I., dated 'B'. the 1st April 1936.

~~No.~~ ~~dated the~~

By order, etc.,

to the Resident ~~Secretary~~ / ~~Asstt.~~ *Secy.*

LIST OF PAPERS.

Encl. to S.N.5 / C.P.5 / PUC. India Army Orders dated 16th April 1936 including Order No.282 regarding assessment to income-tax of the value of rent free quarters occupied by the officers paid from the Defence Services Estimates.

1621—2-4-1935—2,000—RPB.

2f823 SN7

D.O.D.Dis.No.171-I.T./37.

CENTRAL BOARD OF REVENUE,

New Delhi, the 1st March 1937.

My dear Banerjea,

Indian Income-tax Act (XI of 1922) - Section 33 and 66(2) -- Copies of orders under -- Supply to assessees without application.

....

I leave it to your discretion to decide whether or not to supply copies of the orders issued by you under sections 33 and 66(2) of the Income-tax Act to the assessees as soon as orders have been passed instead of waiting for applications from them for copies of such orders.

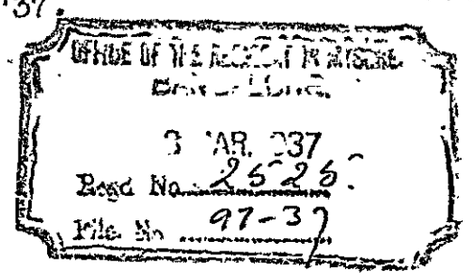
pages 34, 37 and 65 of the Income-tax Manual.

Yours sincerely,

Sd. A.H. Lloyd,

1-3-'37.

1976



Rai Bahadur S.N. Banerjea, B.A.,
Commissioner of Income-tax,
B E N G A L.

Copy of correspondence forwarded to all other Commissioners of Income-tax.

By order, etc.,

Ram Nath
3-3-37

Second Secretary, Central Board of Revenue.

SR.

Copy of demi-official letter No. 16268 C.T./2F/4, dated the 20th February 1937, from the Commissioner of Income-tax, Bengal, to A.H. Lloyd, Esquire, C.S.I., C.I.E., I.C.S., Member, Central Board of Revenue, New Delhi.

Orders under sections 33 and 66(2) of the Income-tax Act - Copies of - Free supply of, to assessees.

....

May I invite a reference to the correspondence resting with Mr. Vachha's D.O.C.No.780-I.T/34, dated the 1st September 1934? Before the receipt of Board's order contained in Circular No.1 of 1934/D.Dis.No.891-I.T./33, dated the 16th March 1934 full copies of orders of the Commissioner under section 33 and 66(2) - when petitions under section 66(2) were rejected - used to be sent to the assessee. In accordance with the instructions in the D.O. of the 1st September 1934 quoted above, copies of appellate orders are sent in full to the appellants even if they do not apply for such copies. As regards review orders and orders under section 66(2) when section 66(2) petitions are rejected, the assessees frequently apply for copies of such orders with the result that some duplication of work takes place in the same manner as described in Mr. Johnston's D.O.No.7286 C.T. of the 29th August 1934 regarding appellate orders. A case has now arisen in which I rejected the petition under section 66(2) of the Jalpaiguri Club Limited (Your D.O. - Camp. Calcutta dated the 13th November 1936). Intimation about the rejection of the petition by my order dated the 13th November 1936 was communicated to the assessee on the 16th November, 1936. An application was filed for a copy of the order on the 19th November, 1936. Copy was supplied on the 12th December, 1936. The assessee applied on the 4th January, 1937 for withdrawal of the petition in accordance with the second proviso to section 66(2). As the application for withdrawal was not made within 30

* Pages 34, 64 and 65 of the Income-tax Manual.

days from the date on which the assessee received notice of the order I had to refuse the refund of the fee of Rs.100/-. It has now been claimed that it was not possible for the assessee to make up their mind about the withdrawal of the petition under section 66(2) without knowing the contents of the order. There appears to be some force in this contention. To avoid such cases and the duplication referred to above, I think it will be better if as before full copies of orders under section 33 and of the rejection orders under section 66(2) are sent to the assessee and not a mere intimation as is done at present after the receipt of the orders of the Board contained in Circular No.1 of the 16th March, 1934 quoted above. Would you be pleased to consider if this can be permitted?

Res. Mysore 39.

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 28th April *193*7

No. F. 97-37.
R. O. I.

A copy of the undermentioned paper(s) is forwarded to the Assistant Commissioner of Income-tax, C & M Station, Bangalore, for information.

~~for information,~~ ~~in continuation of~~ with reference to ~~the correspondence ending with his~~ Memorandum / letter / ~~endorsement~~, ~~from~~

~~No.~~ ~~dated the~~

By order, etc.,

Sd. A. J. Courtney.

for *Secretary* / ~~*Asst. Secy.*~~ *to the Resident.* &
COMMISSIONER OF INCOME TAX.

LIST OF PAPERS.

S.N.7/C.P.7 PUC. Endorsement from the Central Board of Revenue, D.O.D.No. 171-I.T./37, dated the 1st March 1937, with enclosures.

1621—2-4-1935—2,000—RPB.

9 Pac. 1

R.Dis.No.859-I.T./36.

CENTRAL BOARD OF REVENUE.

New Delhi, the 20th March 1937.

From

Rai Bahadur Pandit Ram Nath, B.A.,

Second Secretary, Central Board of Revenue,

To

The Secretary,

Bengal Chamber of Commerce,

Post Box No.280, Calcutta.

Refunds - Indian Income-tax Act,XI of 1922 - Section 48 - Partially taxed profits - Dividends paid out of.

Sir,

In continuation of my letter C.No.859-I.T./36, dated the 16th November 1936, I am directed to say that the Central Board of Revenue accepts the contention of your Chamber made in your letter No.3207-1936, dated the 9th November 1936. I am to forward a copy of a correction to paragraph 2(viii) of the Income-tax Manual, 6th edition which will be included in the revised Edition of the Manual which is in Press. I am also to add that lines 11 to 19 of this paragraph will also be deleted in consequence of the judgment in the Hungerford Investment Trust Case vide section 2 of Chapter X of the Income-tax Enquiry Report, 1936 (page 55).

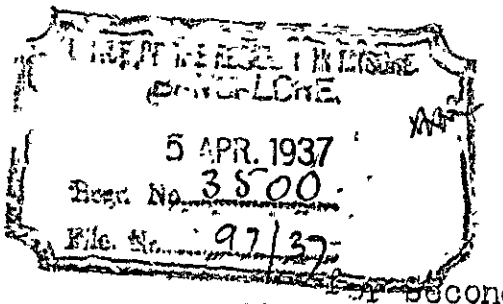
I have the honour to be,
Sir,
Your most obedient servant,

Ram Nath
25-3-37

Second Secretary, Central Board of Revenue

Copy of correspondence forwarded to all Commissioners of Income-tax for information.

By order etc.,



for Second Secretary, Central Board of Revenue.

GS.
22.3.

Correction to the Income-tax Manual,
6th edition.

Page 144, Paragraph 2(viii).

For lines 7 to 19 substitute the following:-
"If x per cent. of the profits pay tax in the hands of the company, the gross dividend is to be calculated (taking the company rate of income-tax as 2 annas and $4\frac{1}{6}$ pies, or $\frac{169}{1152}$) by applying to the net dividend the fraction $\frac{1152}{1152-169\frac{x}{100}}$"

Copy of letter No.3207-1936, dated the 9th November 1936 from the Secretary, Bengal Chamber of Commerce to the Secretary, Central Board of Revenue New Delhi.

I am directed to address you on the subject of grossing up" of dividends part of which may not have been subjected to income-tax.

2. In paragraph 2(viii) of the Notes and Instructions in the Income-tax Manual it is stated that the principle to be adopted "in calculating the net dividends and regulating refunds "on dividends, paid from profits that are only partly taxed" is -

> If X per cent of the profits pay tax in the hands of the Company, the total income of the shareholder for the purpose of refunds is X per cent of the net dividend mulplied by 384/319 taking the maximum rate of income tax as 2 annas and 8½ pies. (The present fraction and rate are 1152/983 and 2 annas 4 1/6 pies).

Assume that a tea company makes a profit of Rs.14,400, the tax payable would be:-

Profit	Rs.14,400
40 %	5,760
Tax at 2/2 and $\frac{1}{12}$ th	845

and a net amount of Rs.13,555 would be available for dividend. If this dividend were paid the Income-tax Officer in following the "instruction" would make the following calculation:-

Net dividend	Rs.13,555
40 %	5,422
Grossed up $\frac{1152}{983}$	6,354

In other words the Income-tax Officer assumes that tax of Rs.932 has been paid whereas Rs.845 is the correct amount, and that the "taxable income" is Rs.6,354 whereas it should be Rs.5,760.

3. It is true that the procedure followed in no way affects a company which does not pay super-tax; and unless it brings them into a "higher scale" it may be

of

of advantage to individuals to whom refunds are due. On the other hand, resulting from the "instruction" individuals and companies with large incomes, part of which is derived from "tax free" sources, pay more super-tax than would appear to be legally due.

4. The Chamber Committee regard this point as of sufficient importance to super-tax payers to warrant a reference to the Central Board of Revenue in regard thereto, and I am accordingly directed to request you kindly to favour me with the views of the Central Board of Revenue in the matter.

GS.
22.3

D.O.C.No.733-I.T./36.

CENTRAL BOARD OF REVENUE.

New Delhi, the 31st March 1937.

My dear Edwards,

Indian Income-tax Act, XI of 1922 - Section 64 - Income-tax Officers - Jurisdiction of - Difficulties arising as to.

When an assessee who is already on the books of one Income-tax Officer claims that the proper place for his assessment lies, under the provisions of section 64 of the Act, within the jurisdiction of another Income-tax Officer, the question arises which of the two Income-tax Officers should deal with the claim. The Act does not give the answer, nor does the Income-tax Enquiry Report 1936, offer any solution; but experience seems to show that it is desirable that there should be a standardised answer, if we are to prevent obstructive attempts to cause delay, and embarrassment to the department, by the playing off of one Income-tax Officer against another, (especially where the two jurisdictions are in different Provinces). Unless and until we legislate or make rules under section 59(1), this must be kept within the limits of executive instructions. I propose that such instructions should be issued on the following lines:-

(1) When in connection with his assessment for any year, a person who has been assessed for an earlier year or (in the absence of an earlier year's assessment) a person on whom a notice calling for a return has already been served by an Income-tax Officer in connection with his assessment for the year in question claims that under the provisions of section 64, Indian Income-tax Act, he is properly assessable within another Income-tax Officer's

Officer's jurisdiction, the claim shall be enquired into by the Income-tax Officer within whose jurisdiction assessment for the earlier year was made or who has served the notice calling for a return, as the case may be, (or, if both officers have served notices, the one who did so first).

(2) If such an application is received by the Income-tax Officer of the other place, it shall be forwarded by that officer for disposal to the Income-tax Officer whose duty it is to enquire into the claim under the preceding paragraph.

(3) If the officer whose duty it is to enquire into the claim decides that the claim is not admissible, he shall record an order to this effect, forwarding a copy to the other officer, if the latter has transferred the claim to him under paragraph (2); and he shall thereupon proceed with the assessment in the ordinary way. If he decides that the claim is admissible, he shall ask the other Income-tax Officer concerned whether he will accept transfer of the assessment proceedings: if the latter agrees to this, the proceedings will be transferred; if not, and if the enquiring officer remains satisfied that the proceedings should be transferred, a question will have arisen within the meaning of section 64(3) and it shall accordingly be referred by the enquiring officer to his Commissioner for orders.

2. What do you think of this proposal? The rules would have to be modified if the proposal in section 2

of

"put up in another Connection."

of Chapter XIV of the Income-tax Enquiry Report, 1936, were adopted; but that will be some time ahead.

Yours sincerely,

Major C.G.N.Edwards,
Secretary to the Resident and
Commissioner of Income-tax,
Civil and Military Station,
Bangalore.

GS.
5.4.

Sind P.U.C. III

R.Dis.No.202-I.T./37.

CENTRAL BOARD OF REVENUE.

NEW DELHI, THE 20TH MARCH 1937.

From

Rai Bahadur Pandit Ram Nath, B.A.,

Second Secretary, Central Board of Revenue,

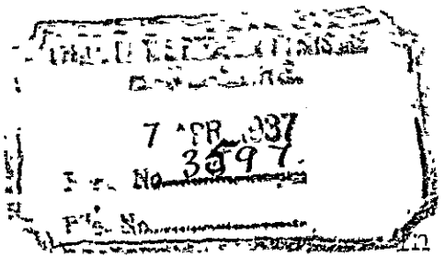
To

The Commissioner of Income-tax,

Bengal.

Sir,

Exemption from income-tax- Government Securities held in the custody of the Accountant General, Posts and Telegraphs - Interest on - Form of certificate.



In reply to your letter No.16604 C.T. dated the 8E/3 2nd March 1937, I am directed to state that the Board approves the form of certificate proposed by the Deputy Accountant-General, Posts and Telegraphs for issue to the holders of Government securities which are held in the custody of the Accountant-General, Posts and Telegraphs.

I have the honour to be,
Sir,
Your most obedient servant,

Sd. Ram Nath.

Second Secretary, Central Board of Revenue.

Copy of correspondence forwarded to other Commissioners of Income-tax.

By order, etc.,

25/3/37

for Second Secretary, Central Board of Revenue.

Wal/22.3

Copy of letter No.16664 C.T./8E/3 dated the 2nd March 1937 from the Commissioner of Income-tax, Bengal to the Secretary, Central Board of Revenue, New Delhi

---oOo---

Exemption - Paragraphs 17 and 18 of the Income tax Manual - Additions and alterations in - Notification No. 11, dated the 4th April 1936.

---oOo---

I have the honour to state that I have been approached by the Deputy Accountant General, Posts and Telegraphs, Calcutta to approve of a form of Certificate under section 18(9) of the Income-tax Act (copy enclosed) which the latter proposes to issue to the holders of public accounts to enable them to apply for refund of income-tax. Tax, I may add, has been already deducted by his office from interest on Government securities held in excess of Rs.22,500/- under Notification No.11, dated the 4th April, 1936

2. As the proposed form conforms substantially to the statutory one, prescribed under rule 13 of the Income-tax rules, I would request that the Board may be moved to approve of the same as it is only the Board which can alter the form prescribed by the Rules, which have the force of law.

---oOo---

Certified that a sum of _____, being Income Tax at the rate of 26 pies per Rupee and a sum of _____, being Surcharge at ____ pies per Rupee, Total Rs. _____, has been deducted from the interest of Rs._____, due on _____ on _____% Loan or Bond _____ for Rs. _____ out of Rs._____ held in the safe custody of the Accountant General, Posts and Telegraphs, in the name of _____ _____, through the Savings Bank account No._____ of _____Post Office.

Office of the Deputy Accountant
General, Posts and Telegraphs,
Calcutta.
Date _____ Assistant AccountsOfficer.

To be signed by claimant.

I hereby declare that the securities on which interest as above specified has been received are the property of _____ and are held in the safe custody of the Accountant General, Posts and Telegraphs.

Date._____ Signature (of the operator of the Fund Account).

(N.B. - The safe custody receipts to be produced when required in support of any claim.)

The above certificate should not be returned to the Deputy Accountant General, Posts and Telegraphs, Calcutta, but should be sent direct to the Income-tax Office if any claim for refund is to be made.

Wal/23.3

Part IV

C.No.141-I.T/37.

CENTRAL BOARD OF REVENUE.

New Delhi, the 25th March 1937.

From

Rai Bahadur Pandit Ram Nath, B.A.,

Second Secretary, Central Board of Revenue,

To

All Commissioners of Income-tax except Burma.

Sir,

Government of India Act, 1935--
Provisions with respect to
Income-tax -- Instructions
regarding.

I am directed to refer you to sections 155, 178(3), 272 and 315(4) of the Government of India Act, 1935, and to request you to draw the attention of the Officers of the Income-tax Department to the provisions of those sections.

I have the honour to be,

Sir,

Your most obedient servant,

Ram Nath
1-4-37

Second Secretary, Central Board of Revenue.

Diary No. 3598
File No. 97/37

Wal/51.3

S.IV 13

Res. Mysore 39.

OFFICE OF THE ~~HON'BLE~~ THE RESIDENT IN MYSORE,

Bangalore, the 4 April *1937.*

No. F.97-37
R. O. I

A copy of the undermentioned paper(s) is forwarded to the Assistant Commissioner of Income-tax, C & M Station, Bangalore,

for information, ~~in continuation of~~ ~~with reference to~~ ~~the~~ ~~correspondence~~ ~~ending~~ ~~with~~ ~~his~~ ~~Memorandum~~ ~~letter~~ ~~endorsement~~ from

~~No.~~ ~~dated the~~

By order, etc.,

sd. A. J. Courtney.

For *Secretary* ~~Asst. Secy.~~ *to the Resident* &
Commissioner of Income-tax.

LIST OF PAPERS.

S.N.9 c.p.11-15 — Letter from the Central Board of Revenue to the Secretary, Bengal Chamber of Commerce, Calcutta, R.Dis.No.859-I.T./36, dated the 20th March 1937, with enclosures.

~~S.N.10~~ ~~c.p.16-18~~ — ~~D.O. letter from the Central Board of Revenue No. 733-I.T./36, dated the 31st March 1937.~~

S.N.10 c.p.19-21 — Letter from the Central Board of Revenue to the Commissioner of Income-tax, Bengal, R.Dis.No.202-I.T./37, dated the 20th March 1937, with enclosures.

S.N.11 c.p.22 — Circular letter from the Central Board of Revenue C.No.141-I.T/37, dated the 25th March 1937.

1621—2-4-1935—2,000—RPB.

20.4.37

S. IV 14
Some
14.5.37

Res. Mysore 39.

Issued
6 18/5/37

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,
Bangalore, the 18th May *1937.*

No. F. 97-37
R. O. I

A copy of the undermentioned paper(s) is forwarded to the

Assistant Commissioner of Income-tax, C & M Station, Bangalore, for favour of remarks.

~~for information,~~ in continuation of / with reference to ~~the correspondence ending with his~~

memorandum / letter / endorsement ~~from~~

~~No.~~ ~~dated the~~

By order, etc.,

Sd. A. J. Courtney.

~~Secretary~~ / Asst. Secy. *to the Resident.*

18.5.37

LIST OF PAPERS.

Demi-official letter from the Central Board of Revenue, C.No. 733-I.T./36, dated the 31st March 1937.

S.N. 10
C.P. 16-18
P.U.C. II

13.5.37

1687—12-3-1937—2,000—RPB.

No. D.T.Sec.2 K.S.N.75
2645

OFFICE OF THE ASSISTANT COMMISSIONER OF INCOME-TAX, C. & M. STATION,

Bangalore, the 22nd May *1937*

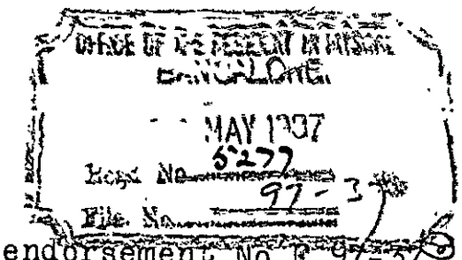
FROM

L. J. MacIver Esq., I.C.S.,
ASSISTANT COMMISSIONER OF INCOME-TAX,
CIVIL AND MILITARY STATION,
BANGALORE.

To

The Secretary to the Hon'ble
The Resident in Mysore,
& Commissioner of Income-tax,
Bangalore.

~~Subject~~ :—



SIR,

With reference to your endorsement No. P.97-37 R.O.I dated the 18th May 1937 on D.O.letter C.No.733-I.T/36, dated the 31st March 1937 from the Central Board of Revenue, I have the honour to state that section 64 of the Indian Income-tax Act is not applicable to the Civil and Military Station, Bangalore- please see paragraph 1(iv), page 141 of the Income-tax Manual, and item 90 on page 36 of the Mysore Residency Orders, Extraordinary dated 18-5-1937, republishing Political Department Notification No.3-Fed-I, dated 1st April 1937.

S.N.14 / C.P.24 "S" / S.N.10 / C.P.16 "S" / Flag "N" Page 16

The difficulty pointed out does not therefore arise here.

I have the honour to be,
Sir,
Your most obedient servant,

ASSISTANT-COMMISSIONER.

(26

S.N.16.

DEPARTMENT.

BRANCH.

File No.

Serial No.

Issued 6/5/1937.

Draft 1916

Letter / Memorandum / Telegram

Class for telegrams

Ordinary / Express / Urgent* / Priority / Clear Line†

*Only for Foreign Telegrams.

†Not for Foreign Telegrams.

No. F.97-37 R.O.I Dated 25th June 1937.

From
The Secy. to the Resident & Commissioner of Income-tax.

To

J.F.Sheehy, Esq., I.C.S.,
Member, Central Board of Revenue.

To be issued on | Issued on

1st Reminder

2nd Reminder

3rd Reminder

Heading :

Case or Diary No.

If post copy of telegram required

Date of despatch of above

List of enclosures

(Code word for telegrams.)

Act,

INDIAN INCOME-TAX, IX OF 1922
SECTION 64 - INCOME-TAX OFFICERS-JURISDICTION OF - DIFFICULTIES ARISING AS TO.

S.N.10
c.p.16 'S'

D.O.

Dear Mr. Sheehy.

Will you please refer to Lloyds d.o. letter C.No.733-I.T./36, dated the 31st March 1937.

2. As Section 64 of the Indian Income-tax Act is not applicable to the C & M Station, Bangalore, (vide para. 1(iv) at page 141 of the Income-tax Manual and item 90 in the schedule to Political Department Notification No.3-Fed.-I, dated the 1st April 1937. the difficulty pointed out in the d.o letter quoted above does not arise he

Flag (X)

Flag 'N'
page (16)

Yours sincerely,
Sd H. Trevelyan

12.6.37

11-6-37

S. 5!
MGIPC—S1—1331(G1)DCF—(G-502)—17-S-28—40,000 Pads.

D.Dis.No.881-I.T./36.

CENTRAL BOARD OF REVENUE.

Simla, the 21st May 1937

3-6-37
OFFICE OF THE RESIDENT IN MYSORE
BANGALORE.
2 JUNE 1937
Diary No. 5517
File No. 97-37

From

Rai Bahadur Pandit Ram Nath, B.A.,

Second Secretary, Central Board of Revenue,

To

The Commissioner of Income-tax, Bombay
Madras
Bengal
Bihar and Orissa
Central and United Provinces
Punjab
Coorg
Ajmer-Merwara
Assam
Bangalore @

Budget Estimates - 3-Taxes on Income including Corporation Tax 1938-39 - Opening of a separate detailed head "Law Charges" under the sub-head "Contingencies".

Sir,

* To others

*With reference to the correspondence ending with your letter No. Bud.II-1369/36, dated the 3rd February 1937
No.77/37, dated the 3rd February 1937
No.15542/2B/20-C.T., dated the 3rd February 1937
No.B-62/2. dated the 3rd February 1937
No.140-2/37, dated the 6th February 1937
No.6770, dated the 6th February 1937
No.B-846-37, dated the 8th February 1937
No.3979-XXVIII-89-II, dated the 3rd March 1937
No.4/B/60 of 1936-37, dated the 2nd March 1937

@ To Bangalore only.

@In continuation of Board's letter C.No.881-I.T.36, dated the 23rd January, 1937, I am directed to say that commencing with the budget estimates for 1938-39 under "3-Taxes on Income Including Corporation Tax" the provision for law charges should be shown separately

under.....

under a new detailed head "Law Charges" which should be opened under the sub-head "A.4-Contingencies"

I have the honour to be,

Sir,

Your most obedient servant,

Ram Nath
26-5-37

Second Secretary, Central Board of Revenue

Copy forwarded to the Accountants General, Madras, Bombay, Bengal, United Provinces, Punjab, Bihar, Central Provinces, and Central Revenues, and Comptroller, Assam.

By order, etc.,

Mukand Lal
26.5.37

for Second Secretary, Central Board of Revenue.

R.A./25.5.

C.No.881-I.T./36.

CENTRAL BOARD OF REVENUE

New Delhi, The 23rd January 1937.

From

Rai Bahadur Pandit Ram Nath, B.A.,

Second Secretary, Central Board of Revenue.

To

All Commissioners of Income-tax,

except Burma, Baluchistan, Mount Abu.

Sir,

Budget estimates - Income-tax, Department - Opening of a separate detailed head "Law Charges" under the sub-head "Contingencies"

The Board has noticed that law charges are shown in the budget estimates of the Income-tax Department under different sub-heads viz. "Allowances, honoraria etc.", "Supplies and Services" and "Contingencies" in the various Provinces. For the sake of uniformity and in order to get a clear idea of the provision made on this account, the Board proposes that commencing with the budget estimates for 1938-39, the provision for law charges should be shown separately under a new detailed head "Law Charges" which should be opened under the sub-head "Contingencies". I am to enquire whether you see any objection to this proposal.

I have the honour to be,

Sir,

Your most obedient servant,

Sd. Ram Nath,

27 - 1- '37.

Second Secretary, Central Board of Revenue.

J.P./25-6.

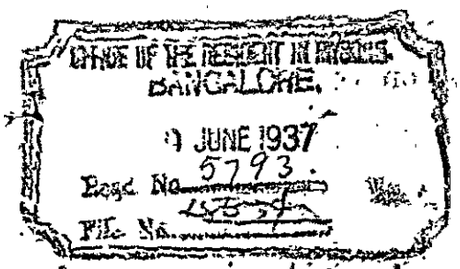
S.N-19

9 H 137

Circular No. 4 of 1937.

R.Dis.No. 139-I.T./37.

CENTRAL BOARD OF REVENUE.



Simla, the 26th May 1937.

Circular.

Indian Income-tax Act (XI of 1922) - Sections 20 and 48 - Statutory Rule 14 - Certificate under - Dividends derived partly from non-taxable sources - Refunds - Board's Circular No. 3 of 1929, dated 26.1.1929 - Income-tax Enquiry Report, 1936 - Chapter X, section 2 and Chapter XIV, section 10(a).

S.N.11 38/1918

The arrangement introduced by the Board's circular No. 3 of 1929 has now been tried for several years and has in practice proved a failure. In its place the authors of the Income-tax Enquiry Report propose that where the tax-free income of a company does not exceed 10 %, the whole dividend should be treated as having borne tax. From the information at the Board's disposal it does not appear as if so high a percentage as 10 % needs to be taken. The Commissioner of Income-tax, Bombay, for example, gives the following figures:-

	No. of Cos.
Tax-free income 5% or under ,,	103
" " between 5 and 10 %	34

These figures do not indicate that there is much to be gained by taking a figure higher than 5% and considerations of revenue require the percentage to be kept as low as possible.

2. Until further orders, therefore, the whole dividend of a company with tax-free income not exceeding 5% should be treated as having borne tax for all purposes. But if any assessee wishes to have his refund or assessment based on the actual composition of the dividend his request must be granted. Ordinarily Companies' current assessments will be completed in sufficient time for refunding officers to ascertain the required percentage, but if they are not completed in time the refunding officer can take the percentage to be not greater than 5% in any case where it has not exceeded that figure in the previous three years.

3. Commissioners are requested to submit a report in March 1938 on the working of this procedure.

Ram Nath
28-5-37

Second Secretary, Central Board of Revenue.

To

All Commissioners of Income-tax.

R.A./28.5.

S.N.20

3)

Circular No.5 of 1937.
R.Dis. No.733-I.T./36.

CENTRAL BOARD OF REVENUE

Simla, the 26th May 1937

CIRCULAR.

OFFICE OF THE RESIDENT IN MYSORE
BANGALORE.
9 JUNE 1937
Regd. No. 5794.
File No. 97-37

Indian Income-tax Act, 1922 - Section 64 - Place of assessment - Procedure for determination of.

Applications from assessees claiming under Section 64 asseseement in a particular jurisdiction should be disposed of in the following way:-

(1) When in connection with his assessment for any year, a person who has been assessed for an earlier year or (in the absence of an earlier year's assessment) a person on whom a notice calling for a return has already been served by an Income-tax Officer in connection with his assessment for the year in question claims that, under the provisions of section 64, Indian Income-tax Act, he is properly assessable within another Income-tax Officer's jurisdiction, the claim shall be enquired into by the Income-tax Officer within whose jurisdiction assessment for the earlier year was made or who has served the notice calling for a return, as the case may be, or, if both officers have served notices, the one who did so first.

(2) If such an application is received by the Income-tax Officer of the other place, it shall be forwarded by that officer for disposal to the Income-tax Officer whose duty it is to enquire into the claim under the preceding paragraph.

(3) If the officer whose duty it is to enquire into the claim considers after enquiry that the claim should not be allowed, and if the assessee still persists in his claim, the officer should submit the case to his Commissioner. If the officer considers that the claim should be allowed he shall ask the other Income-tax Officer concerned whether he will accept transfer of the assessment proceedings; if the latter

agrees.....

31 A

agrees
/ to this the proceedings will be transferred; if not and if the enquiring officer still thinks that the proceedings should be transferred the case should be submitted by him to his Commissioner.

Ram Nath
28-5-37

Second Secretary, Central Board of Revenue.

To

All Commissioners of Income-tax.

J.P./28-5.

S.N.21

Issued 19.6.37

132

Res. Mysore 39.

Issued 6/25/6/37

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 25th June *1937.*

No. F. 97-37
R. O. I.

A copy of the undermentioned paper(s) is forwarded to the Assistant Commissioner of Income-tax, C & M Station, Bangalore , for information and guidance.

2. The report called for in para. 3 of the 1st. Circular should be submitted in February 1938.

~~for information,~~ ~~in continuation of with reference to~~ ~~the correspondence ending with his~~ ~~memorandum letter endorsement~~ ~~from~~

~~No.~~ ~~dated the~~

By order, etc.,

Sd. A. J. Bourdillon.

~~for~~ *Secretary* ~~Asst. Secy.~~ *to the Resident. and Commissioner of Income-Tax*

R.E.C. 37

LIST OF PAPERS.

S.N.19 P.W.C.I

Circular ~~letter~~ from the Central Board of Revenue No.4 of 1937/ R.Dis.No.139-I.T./37 dated the 26th May 1937.

S.N.20 P.W.C.I

2. Circular ~~letter~~ from the Central of Board of Revenue No.5 of 1937/R.Dis.No.733-I.T./36 dated the 26th May 1937.

KRN A/6/37

1687—12-3-1937—2,000—RPB.

S.N. 22

OFFICE OF THE RESIDENT IN MYSORE
BANGALORE.
21 JUNE 1937
Regd. No. 6132
File No. 97-37

Circular No. 6 of 1937.

R. Dis. No. 538-I.T.|35.

CENTRAL BOARD OF REVENUE.

Simla, the 28th May 1937.

CIRCULAR.

Double income-tax relief—British India and Aden—Arrangements regarding.

In order to reduce inconvenience to those assessees who are liable to income-tax both in British India and in Aden, the following procedure has been agreed upon between the Government of India and the Government of Aden and will be followed until further notice :—

Any assessee who is liable to tax in both countries and *whose head office is in British India* may submit in British India with his British Indian return of income a copy of his Aden return of income, subject to his clearly distinguishing in the former any income which he claims to be taxable in British India only and in the latter any which he claims to be taxable in Aden only. The Income-tax Authorities in Aden will then be informed that this has been done and will ordinarily postpone further assessment enquiry until a further reference is made by the Income-tax authorities in British India. The British Indian Income-tax Officer will examine the accounts relating to all the income and in his assessment order will distinguish between (*i*) what he holds to be purely British Indian income (*e.g.* investment of reserves) and (*ii*) income taxable in both countries (*e.g.* trading profits on sales in British India of Aden Salt). He will then issue his British Indian demand and forward to the Government of Aden a copy of his assessment order, accompanied by a note regarding his examination of the accounts relating to (*iii*) income taxable in Aden only, if any. The Aden Income-tax Officer then will, if satisfied, issue his assessment order and demand on the basis of (*ii*) and (*iii*) as reported ; if not satisfied he will make further enquiries. In each country the original demand will, for form's sake, be for the total tax payable in that country but with a note to the effect that the amount in excess of being the sum of the estimated share of that country in the tax at the higher rate on (*ii*) and of the tax on (*i*) or (*iii*) as the case may be, need not be paid pending the completion of discussions between the Income-tax departments of the two countries as to the final amount each is to receive after setting off double income-tax relief.

2. The above procedure will, it is understood, be adopted *mutatis mutandis* by the Aden Income-tax authorities in respect of assessees who are liable to tax in both countries and *whose head office is in Aden.*

Ram Nath

14-6-37

Second Secretary, Central Board of Revenue.

To

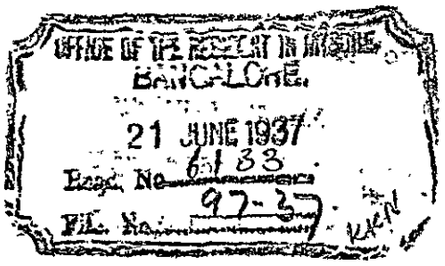
All Commissioners of Income-tax and all Chambers of Commerce.

L2:CBR—1,110—8-6-37—GIPS

S.N. 23 (P.W.C.II)

21637

Circular No. 7 of 1937.
R.Dis.No.116-I.T./37.



CENTRAL BOARD OF REVENUE

Simla, the 1st June 1937

CIRCULAR

Burma - Separation of - Effect on place of assessment of persons assessed in British India before separation on Burma income in accordance with the provisions of section 64 of the Indian Income-tax Act - Dividends paid in Burma before separation - Exemption of - The India, Burma and Aden (Transitory Provisions) (Taxation) Order, 1937.

The following instructions are issued for the guidance of officers on this subject:-

(1) Assessments for 1936-37 and earlier years.

For the purpose of these assessments Burma is to be treated as part of British India. The provisions of section 64 apply as if separation had not taken place, i.e. in the cases

(a) of pending assessments for 1936-37 and earlier years; and

(b) of assessments for 1936-37 opened after separation under section 34.

(2) Assessments for 1937-38.

(a) For the purpose of those assessments Burma is to be treated as outside British India and assessments should be made accordingly including therein under section 4(2) if the assessee is resident in British India, if not section 42(1) should be used where applicable any income received from, or brought in from, Burma; but if such income consists of dividends from a company in Burma received in 1936-37 or earlier years, it should not be taxed since it is exempted under section 14(2)(a), but it should be included in the total income. Refunds on his Burma dividends will have to be claimed by the

assessee

35

assessee in Burma.

(b) In the case of salaried persons who were transferred from Burma to India or vice versa during the year 1936-37, the 1937-38 assessment in India will be made only on the amount of the salary received in what is now British India (i.e. excluding Burma) and credit under section 18(5) allowed on the amount of tax deducted from that salary. If insurance premia are claimed they should be allowed only if paid during the time that the assessee was serving in India. (Otherwise they could be claimed in Burma too. Commissioner of Income-tax, Burma, has issued similar orders). If, as is likely in most of the cases where the transfer is from India to Burma a refund is given it should be calculated according to the instructions in the Board's memorandum C.no.443-I.T./35, dated the 29th May 1935 i.e. section 48(4) should not be applied.

(c) Where the assessee's income has been taxed both in India and Burma he will be entitled to Double Income-tax relief under the India and Burma (Income-tax Relief) Order, 1936.

(3) Assessments for 1938-39 and subsequent years.

As in 1937-38 except that exemption will not be given to Burma dividends; they will be taxed if brought into British India by a resident.

Ram Nath
4-6-37.

Second Secretary, Central Board of Revenue

To

All Commissioners of Income-tax.

GS.
3.6.

S.N.24

Res. Mysore 39. June 25.6.37.

Received 29/6/37

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 29th June *1937.*

No. F. 97-37
R. O. I.

A copy of the undermentioned paper(s) is forwarded to the Assistant Commissioner of Income-tax, Civil and Military Station, Bangalore, for information and guidence.

~~for information,~~ ~~in continuation of~~ ~~with reference to~~ ~~the correspondence ending with his~~ ~~memorandum~~ ~~letter~~ ~~endorsement~~ ~~from~~

~~No.~~ ~~dated the~~

By order, etc.,

Sd. A. J. Cowley.

for Secretary ~~Asst. Secy.~~ *to the Resident.*

and Commissioner of Income-tax.

LIST OF PAPERS.

Rec'd 29.6.37

P.W.C. 7 Circular from the Central Board of Revenue No.6 of 1937/R.Dis. No.538-I.T./35 dated the 28th May 1937. (with 4 Sp. Copies)

P.W.C. 7 Circular from the Central Board of Revenue No.7 of 1937/R.Dis. No.116-I.T./37, dated the 1st June 1937. (with 4 Sp. Copies)

Note. KRS. 23/6/37

Share Copies

Keep at bottom of file please.

1487—12-3-1937—2,000—RPB.

S.N.26 (I.U.C.II) 139

D.A.Dis.No.101-Admn.(I.T.)/37.

CENTRAL BOARD OF REVENUE.

Simla, the 5th July 1937.

From

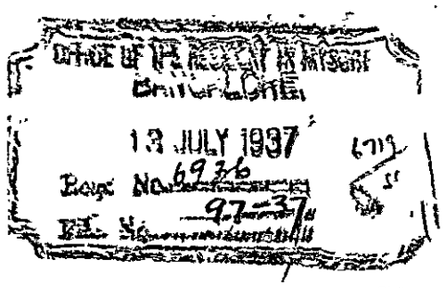
Rai Bahadur Pandit Ram Nath, B.A.,

Second Secretary, Central Board of Revenue,

To

The Commissioner of Income-tax,

Bihar and Orissa.



Budget - Taxes on Income - Expenditure Account head.

Sir,

With reference to your letter No. B-34/4, dated the 11th June 1937, I am directed to say that under Article 13(e) of the Civil Account Code, Volume I, the accounts classification (and not the demand head) should be exhibited on the bills. The Account head "4-Taxes on Income other than-corporation tax" should therefore be shown on your bills.

I have the honour to be,
Sir,
Your most obedient servant,

Sd/- Ram Nath,

Second Secretary, Central Board of Revenue.

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5 Copy, with a copy of the letter replied to, forwarded to all other Commissioners of Income-tax.

By order, etc.,

M C Khanna 7-7-37

for Second Secretary, Central Board of Revenue.

R.A.6.7.

Copy of letter no. E-2/6, dated the 11th June 1937, from the Commissioner of Income-Tax, Bihar and Orissa, to the Secon Secretary, Central Board of Revenue.

Budget grant for expenditure - Major head 'C-Corporation Tax' and 'C-Taxes on Income other than Corporation Tax' - 1937-38. Board's O.A. No. 101-I.T./37 dated the 6th May 1937.

Not received

I have the honour to state that following the instructions contained in the Accountant General Bihar's Circular Letter No. 2nd. 91 dated the 17th February 1937 published in Part I of the Bihar Gazette dated the 24th February 1937 all the bills drawn by the Income-tax Department, Bihar and Orissa, since 1st April 1937 were coded with the Major Head 'C-Taxes on Income other-than Corporation Tax'. It appears from the statement showing the receipts for collections during the year 1937-38 received with the Board's letter cited above that the same have been credited under the Major Head 'C-Taxes on Income including Corporation Tax'. I request you to be so good as to let me know whether bills should in future be drawn under the Major Head 'C-Taxes on Income Including Corporation Tax' or under 'C-Taxes on Income' other than Corporation Tax'.

H.A.G.T.

S.N 27

Res. Mysore 39. Jan 1937

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 27th July *1937.*

Issued 27/7/37.

No. F.97-37
R. O. I

A copy of the undermentioned paper(s) is forwarded to the

Assistant Commissioner of Income-tax, C & M Station, Bangalore

for information and guidance.

~~for information,~~ ~~in continuation of~~ ~~with reference to~~ ~~the correspondence ending with his~~

~~memorandum~~ / ~~letter~~ / ~~endorsement~~ ~~from~~

~~No.~~ ~~dated the~~

By order, etc.,

17.7.

For *Secretary* *to the Resident.* &
~~*Asst. Secy.*~~
Commissioner of Income-tax.

LIST OF PAPERS.

Encl. to S.N.25 c.p.38 PUC I — Circular letter from the Central Board of Revenue, C.No.881-I.T./36, dated the 23rd January 1937.

S.N.17 c.p.27-28 'K' — Circular letter from the Central Board of Revenue, R.Dis.No.881-I.T./36, dated the 21st May 1937.

S.N.26 c.p.39-40 PUC II — ~~Letter~~ Addl. from the Central Board of Revenue, ~~to the Commissioner of Income-tax, Bihar and Orissa,~~ D.A.Dis.No.101-Admn.(I.T.)/37, dated the 5th July 1937, with enclosures.

(~~Copies~~ Copy of S.N.17 ~~to~~ to be given to Budget Clerk please) 15.7.37. 17.7.37

1687—12-3-1937—2,000—RPH.

S. N. 28 (P.U.C I) (42)

Circular No.8 of 1937.

R.Dis.No.565-I.T./37.

CENTRAL BOARD OF REVENUE.

Simla, the 5th August 1937.

Office of the Central Board of Revenue
1 Aug. 1937
Regn No. 8386
File No. 97-37

CIRCULAR

Arrear tax - Recovery of, under section 46 - Commencement of proceedings for - Time limit. Board's demi-official letter R.Dis.No.855-I.T./36, dated the 24th November 1936.

Section 46(7) lays down that no proceedings for the recovery of arrears of tax shall be commenced after the expiration of one year from the last day of the year in which the demand is made. Proceedings for recovery begin only when the Income-tax Officer forwards a recovery certificate to the Collector under sub-section (2) of section 46 or takes other action under sub-sections (3), (5) or (6). The imposition of a penalty is not a commencement of recovery proceedings.

In all cases, without exception, of arrears unpaid before the expiry of the time limit fixed in section 46(7) proceedings for recovery must be commenced within the time limit. Even where, pending a decision of a High Court or for some other reason, an assessee is allowed to defer payment, recovery proceedings must be commenced within the time limit in order to safeguard the revenue. In such cases if a recovery certificate is issued to the Collector, for example, he can be informed at the same time to defer taking action on it for the present.

Assistant Commissioners and Commissioners when inspecting Income-tax offices should check the arrears

and

and see that these instructions are being observed.

M E Khanna,
11-8-37.
Offg. Second Secretary, Central Board of Revenue.

To

All Commissioners of Income-tax.

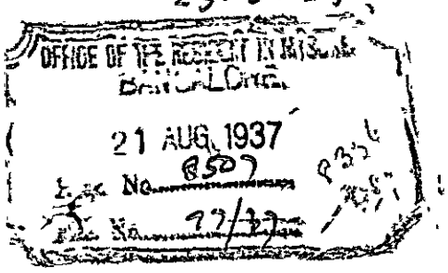
K.D.10.8

S.N.29 (+U

S R.

JNA 2
21-7-37

23-8-37



CIRCULAR. NO. 9 OF 1937.
R.Dis.No.541-I.T./37.

HP 418

CENTRAL BOARD OF REVENUE.

Simla, the 9th August 1937.

C I R C U L A R.

Double assessment of income-tax in the hands of a firm and of its partners.

Where a firm carrying on business in one province pays interest to a partner or partners in another province it frequently happens that the interest is assessed twice i.e. in the hands of the firm and of the partners. In future the Income-tax Officer assessing the firm who is in the best position to know the facts of the case will decide the question as to whether the interest should be assessed in the hands of the firm or of its partners. For any current assessment the officer assessing the partners will have to accept the finding in the case of the firm but he will be at liberty to bring to the notice of the officer assessing the firm any facts which might cause him to alter his decision in subsequent assessments.

97/37

2. The Income-tax Officer making the assessment on the firm should promptly communicate to the Income-tax Officer concerned with the assessment of the partners, his decision in the matter together with the allocation of profits among the partners. If, as a result of appeal or revision, the firm's assessment is modified and the partner's interest is allowed the fact should similarly be reported to the Income-tax Officer concerned with the assessment of the partners so that proceedings for taxing the interest in the hands of the partners may be commenced within the time limit prescribed in section 34 of the Indian Income-tax Act wherever practicable.

M.C. Khanna
12-8-37.

Second Secretary, Central Board of Revenue

To

All Commissioners of Income-tax.

GS.11.8

S.N. 30

45

Res. Mysore 39.

Issued 6/9/37

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore. the 1st September *193*7.

No. F. 97-37
R. O. I.

A copy of the undermentioned paper(s) is forwarded to the Assistant Commissioner of Income-tax, C & M Station, Bangalore, for information and guidance, in continuation of endorsement from this Residency No.F.66-36/R.O.I, dated the 5th January 1937.

S.N.38
c.p.74
F.66-36
'R'

~~for information,~~ ~~in continuation of~~ ~~with reference to~~ ~~the correspondence ending with his~~ ~~Memorandum~~ ~~letter~~ ~~endorsement~~ ~~from~~

~~No.~~ ~~dated the~~

By order, etc

for ~~Secretary~~ ~~Asst. Secy.~~ to the Resident &
Commissioner of Income-tax.

LIST OF PAPERS.

S.N.28
c.p.42-43
PUC I

Circular from the Central Board of Revenue, R.Dis.No.565-I.T./37, dated the 5th August 1937 (No. 8 of 1937)

(with 4 spare copies)

25.8.37.

1621—2-1-1935—2,000—RPB.

S.N. 31

Issue 27-8

146

Res. Mysore 39.

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 1st September 1937

Two drafts Draft I II

No. F. 97-37
R. O. I

Issued 6/9/37.

A copy of the undermentioned paper(s) is forwarded to the

Assistant Commissioner of Income-tax, C & M Station,

Bangalore, for information and guidance.

~~for information,~~ ~~in continuation of~~ / ~~with reference to~~ ~~the correspondence ending with his~~

~~Memorandum~~ / ~~letter,~~ / ~~endorsement~~ ~~from~~

~~No.~~ ~~dated the~~

By order,

6/9/37

~~for~~ *Secretary* / ~~*Asst. Secy.*~~ *to the Resident.*
Commissioner of Income tax.

LIST OF PAPERS.

(No. 9 of 1937)

Circular from the Central Board of Revenue, R.Dis.

S.N.29
c.p.44 No.541-I.T./37, dated the 9th August 1937.
PUC II

(with 4 spare copies)

6/9
25.8.37.

26.8.37

1621—2-4-1935—2,000—RPB.

S. N. 32

47

C. 494-I.T./37

Simla 23rd August 1937.

My dear Banerjea,

Reference to High Court - Allahabad - Indian Income-tax Act (XI) of 1922 - Section 23(2) Notice under - (a) whether invalid for certain reasons (b) whether its issue is a condition precedent to assessment under section 23(4).

Your d.o. No.4917-C.T./1H/4, dated the 14th July 1937.

The Government of India whom I have consulted hold that on the first point the Allahabad High Court is right viz., that on a notice under section 23(2) the assessee must be given the option of complying with any of the alternatives in that sub-section. To that extent, therefore, the instructions in Board Circular 61/C No.661/(11)-I.T.1925 dated the 10th November 1925, must be considered as cancelled.

S. N. 360
File 38/18 (Cn)

On the second point viz., whether an assessment can be made under section 23(4) for default under section 22(4) if a valid notice under section 23(2) has not been issued, the Government of India hold that the Allahabad High Court was wrong. Such an assessment can be made. But cases like this are not likely to arise if the ruling on the first point is followed.

Yours sincerely,

Sd/- J. F. Sheehy,

Rai Bahadur S. N. Banerjea, B.A.
Commissioner of Income-tax,
Bengal.

C.No.494-I.T./37 Dated the 23rd Aug. 1937.

Copy with a copy of letter to which it is a reply forwarded to other Commissioners.

By order, &c.

M C Khanna

Second Secretary, Central Board of Revenue

27 AUG 1937
8676
92-37

MMA.

Copy of letter No.4917-C.T./1H/4 dated the 14th July 1937 from the Commissioner of Income-tax, Bengal to J. F. Sheehy, Esq. I.C.S., Member, Central Board of Revenue.

Reference to High Court - Allahabad - Indian Income-tax Act (XI) of 1922 - Section 23(2)- Notice under - (a) Whether invalid for certain reasons (b) Whether its issue is a condition precedent to assessment under section 23(4).

I would invite a reference to the decision of the Allahabad High Court in Miscellaneous Case No.320 of 1935 in re Shrimati Rajmani Devi. In this connection I would invite a reference to Board's Circular 61/C. No 661(ii)-I.T. 1925 dated the 16th November, 1925. Must thus ruling be followed in provinces other than the United Provinces?

S. N. 33

14i

Issued
13/9/37.

THE OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,
Dated Bangalore, the 13th September 1937.

No. F.97/37
R.O.I

A copy of the undermentioned paper is forwarded to the Assistant Commissioner of Income-tax, Civil and Military Station, Bangalore, for information.

A copy of the Board Circular referred to was forwarded to the Collector and Assistant Commissioner of Income-tax with endorsement from this office No.9943, dated 4th December 1925.

By order, etc.,

For Secretary to the Resident in Mysore.
and Commissioner of Income-tax.

Endorsement from the Central Board of Revenue, C.No.494-I.T/37 dated the 23rd August 1937, with enclosures.

MK

S.N. 34

Circular No. 10 of 1937.
C.No. 398-I.T./37.

CENTRAL BOARD OF REVENUE

Simla, the 22nd September 1937

C I R C U L A R

Page 85 of the Report

Income-tax Enquiry Report, 1936 - Chapter XV Section 5(b) -Appeals - Criticism of Income-tax Officer's orders by Assistant Commissioner.

The attention of all officers is called to the following extract from the Income-tax Enquiry Report, 1936

(b) Criticism of Income-tax Officer's orders by Assistant Commissioner. - We have observed in some circles a tendency on the part of Income-tax Officers to extend their assessment orders to an inordinate length, and we found that such detailed orders which appeared to us to be out of proportion to the magnitude of the sums involved, were the direct result of criticisms by Assistant Commissioners, following appeals at the hearing of which some point was raised which was not dealt with in detail in the assessment order. It is, of course, impossible for an Income-tax Officer to know in every case all the points which are likely to be taken to appeal and this practice of attempting to meet every contingency, even in very small cases, seems to us to involve much waste of time. We consider that definite instructions should be issued by the Central Board of Revenue to check this tendency wherever it exists.'

2. 'Owing to the great variety of cases it is not possible ...

OFFICE OF THE ACCOUNTANT GENERAL
BOMBAY
11 OCT 1937
Rec. No. 10142
File No.

possible or desirable to lay down detailed instructions as to the form or contents of an assessment order, but generally speaking, the Income-tax Officer should deal with all points on which he disagrees with the assessee and he should confine himself to those points. In one province the Board finds that a complete report on the assessee's accounts is embodied in the assessment order. This is quite wrong and results only in multiplying objections. The only items in the accounts which need be mentioned in the assessment order are those added back or disallowed. A suitable way in which an assessment order may be framed is to start with the assessee's return and add to it the items disallowed giving reasons for each disallowance.

3. While inordinately long assessment orders are to be deprecated, an Income-tax Officer, for the sake of brevity, must not omit to give reasons for rejecting accounts or portions of them or disallowing certain items. His order on the face of it should be complete so that on the points with which it deals the Assistant Commissioner or the Commissioner can come to a decision without having to ask for further information.

4. Assistant Commissioners should refrain from criticising assessment orders in such a way as to give the Income-tax Officer the impression that he is expected to deal in his assessment order with all possible objections. And where the tendency to write inordinately long assessment orders exists Inspecting Officers should check it and advise the Income-tax Officer concerned how to overcome it

30.9.37

Member, Central Board of Revenue.

To

All Commissioners of Income-tax.

Issued 13.X.37

S.N.35

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Res. Mysore 39.

Issued 20/10/37

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,
Bangalore, the 20 October 1937.

No. F. 97/37
R. O. I

A copy of the undermentioned paper(N) is forwarded to the Asst. Commissioner of Income-tax, C.& M. Station, Bangalore, for information and guidance.

for information, in continuation of / with reference to ~~the correspondence ending with his~~ memorandum / letter / endorsement from

~~No.~~ ~~dated the~~

By order, etc.,

Sd. A. J. Courtney.

For *Secretary* / ~~*Asst. Secy.*~~ *to the Resident* & Commr. of Income-tax.

13-X-37

LIST OF PAPERS.

S.N.34
C.p.50
(PUC)

Circular ~~No. 10 of 1937 of~~ from the Central Board of Revenue No. 10 of 1937 C.No. 398-I.T./37 dated the 22nd September 1937.

With 2 s.c.

12-10-37

1687—12-3-1937—2,000—RPB.

S.N.36

152

ORDER NO. 8910 C.T DATED THE 30TH SEPTEMBER, 1937.
18/34

Under Notification No. 28 dated 1st August, 1936 of the Central Board of Revenue Messrs. Gramophone Company Limited of 33, Jessore Road, Dum Dum are permitted to pay to the Reserve Bank of India in Calcutta the amount or tax deducted from the salaries of their employees employed at Delhi, Bangalore and Bombay and to submit to the Income-tax Officer, 24 Parganas the statement referred to in Rule 11 of the Income-tax Rules 1922 on the condition that they submit along with the said statement separate extracts thereof for Delhi, Bangalore and Bombay where their employees are working.

Sd. S. N. Banerjea.
29.9.37.
COMMISSIONER.

Office of the Accountant General
Bengal, Orissa
2 OCT 1937
No. 10208
Audit Section
17.2

Memo.No. 9363-67 C.T.
18/34

OFFICE OF THE COMMISSIONER OF INCOME TAX, BENGAL.
Dated Calcutta the 2nd October, 1937.

Copy forwarded to the Commissioner of Income-tax, Bangalore, Civil & Military Station, Bangalore for information.

FOR COMMISSIONER
29.9.37.

P.R. 5-10-37

Issue 19/X

S. IV. 37

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Res. Mysore 39.

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,
Bangalore, the 21st October 1937.

Issued 21/10/37.

No. F. 97/37 132/37
R. O. I

A copy of the undermentioned paper(s) is forwarded to the Asst. Commr. of Income-tax, C.& M. Station, Bangalore, for information.

for information, in continuation of / with reference to ~~the correspondence ending with his~~ memorandum / letter / endorsement from

~~No.~~ ~~dated the~~

By order, etc.,

Sd. A. J. Gourney.

Secretary / Asst. Secy. to the Resident.

19.X.37

LIST OF PAPERS.

PUC Order of the Commr. of Income-tax, Bengal, No. 8910 C.T./18/34, dated the 30th September 1937.

18.10.37

1687—12-3-1937—2,000—RPH.

S.N.38

54

D.Dis.No.473-I.T./37.

CENTRAL BOARD OF REVENUE,

Simla, the 13th August 1937.

From

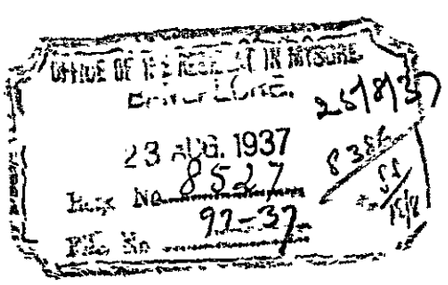
M.C. Khanna, Esquire,

Second Secretary, Central Board of Revenue,

To

The Commissioner of Income-tax,

Bengal.



Exemption certificate - Government Promissory notes converted into stock certificate - Alteration in the exemption certificate by the Public Debt Office.

Sir,

With reference to your letter No. 4135 C.T., dated the 26th June 1937, I am directed to say that the Board approves the suggestion made by you. The Reserve Bank who were consulted have no objection to the proposal.

I have the honour to be,
Sir,
Your most obedient servant,

M.C. Khanna
17-8-37.
Second Secretary, Central Board of Revenue.

Copy of correspondence forwarded to the other Commissioners of Income-tax and the Managers, Reserve Bank of India, Calcutta and Bombay.

By order, etc.

M.C. Khanna
17-8-37.
Second Secretary, Central Board of Revenue.

R.A.16.8.

Copy of letter No. 4135 C.T. dated the 26th June 1937 from the Commissioner of Income-tax, Bengal, to the Second Secretary, Central Board of Revenue, Simla.

Exemption Certificate - Government Promissory notes converted into stock certificate - Alterations in the exemption certificate by the Public Debt Office - Approval of by the Income-tax Officer concerned - Question of

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I have the honour to state that a point was raised by the Public Debt office, Calcutta as to whether an exemption certificate issued in respect of Government Promissory Notes which were subsequently converted into stock, could be acted on, provided that the amount of the Government Promissory notes and the amount of the converted stock certificate were the same. The procedure followed by the Public Debt office, Calcutta is that when stock certificates are issued in places of Government Promissory notes a fresh number is assigned to the stock certificate and the converted Government Promissory note number is also given at the top of stock certificate for purpose of reference. The Public Debt office simultaneously enters on the income-tax exemption certificate the number of the stock certificate granted in exchange of the Government Promissory notes.

2. This practice was approved by us and has been followed in this province but the Public Debt office has intimated that the senior Income-tax Officer, Bombay has declined to accept the above procedure on the ground that ~~when securities are converted into stock the exemption~~ certificates issued in favour of the securities become automatically cancelled. I therefore think that some orders from the Board on the subject are necessary for purpose of uniformity of practice.

3.....

(56) (56)

3. I think that when Government Promissory notes are converted into stock certificate of the same amount and the number of stock certificate is entered on the Income-tax exemption certificate this entry should be made with the knowledge and approval of the Income-tax Officer who granted the original income-tax exemption certificate so that he may make corresponding note on the counterfoil of the exemption certificate.

R.A.16.8.

Issue 28/8/37

S.N.39

57

Res. Mysore 39.

Issued 31/8/37.

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 31st September 1937.

No. F. 97-37 / R. O. I

A copy of the undermentioned paper(s) is forwarded to the

Assistant Commissioner of Income-tax, C & M Station,

Bangalore,

for information, ~~in continuation of~~ / ~~with reference to~~ ~~the correspondence ending with his~~

~~memorandum~~ / ~~letter~~ / ~~endorsement~~ ~~from~~

~~No.~~ ~~dated the~~

By order, etc.,

Sd. A. J. Courtney

for ~~Secretary~~ / ~~Asst. Secy.~~ *to the Resident.*

Commissioner of Income-tax.

28/8

LIST OF PAPERS.

Incl. to S.N.1 PUC — Letter from the Commissioner of Income-tax, Bengal, to the Central Board of Revenue, No. 4135 C.T., dated the 26th June 1937..

-do- — Letter from the Central Board of Revenue, to the Commissioner of Income-tax, Bengal, D.Dis.No.473-I.T./37, dated the 13th August 1937.

1687—12-3-1937—2,000—RPB.

28.8.37.

Original in file No. 114-37

Register No. 11036 dt. 8-11-37

155

Memorandum from the Secretary, Central Board of Revenue, to all Commissioners of Income-tax, No.R.Dis.227-I.T/37, dated the 25th October 1937.

---:O:---

Double Income-tax Relief - Mysore State and British India - Interest on debentures and securities

Commissioners of Income-tax are informed that the Mysore Darbar has entered into a further arrangement with the Government of India for the grant of relief from double income-tax of incomes, taxed both in British India and the Mysore State, in respect of interest on debentures or on securities other than those of the Government of India or of the Mysore Government. Such arrangement should be given effect to in assessments made after the date of these orders.

2. Under the arrangement reached, the procedure for the grant of relief in the case of dividends, set out in paragraph 2 of Board's Memorandum C.No.986-I.T./28, dated the 12th September 1929, will apply mutatis mutandis to the case of debentures and securities, that is to say, the Government within whose jurisdiction tax is collected on the interest on debentures or on securities, will retain the tax, and allow any refund that may be due under section 48 of the Indian Income-tax Act or its Mysore counterpart while the Government in whose jurisdiction the interest is received will include it in the 'total income' of the assessee concerned, for the purpose of fixing the rate of, and liability to, tax but waive its claim to levy tax in respect of such interest. In the case of tax free securities, the Government in whose jurisdiction the interest is received will waive its claim to levy tax taking account of it for the purpose of determining the 'total income' of the assessee.

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"C O P Y"

K M Nayar

SUPERINTENDENT, RESIDENT'S OFFICE

BJ

S.N.40

Circular No. 11 of 1937
R.Dis.No. 558-I.T./37.

CENTRAL BOARD OF REVENUE

New Delhi, the 24th November 1937.

CIRCULAR

Assessment - Hindu undivided family.

1. As a result of the decisions of the Privy Council in the cases of Kalyanji Vithaldas and Swamy Gomedalli, the following instructions are issued on the question of assessing Hindus and Hindu undivided families :-

2. (a) The son of a Hindu (governed by any school of Hindu law) does not acquire by birth any interest in his father's self-acquired property. In respect of the income of such property the father is to be assessed as an individual.

(b) In the case of Hindus not governed by the Dayabhaga law the son acquires by birth an interest in his father's ancestral property and therefore after the birth of a son the income from ancestral property is to be assessed as the income of a Hindu undivided family. According to the Dayabhaga law, however, the son does not acquire by birth any interest in ancestral property. His rights arise for the first time on his father's death. In the father's lifetime, therefore, the income from ancestral property is to be assessed as the income of an individual unless the father himself is a member of a coparcenary.

(c) The income of a sole surviving male member of a Hindu undivided family governed by the Mitakshara

law ...

law is to be assessed as his personal income if he has no son. The existence of a wife and daughters does not alter the position. Under the Dayabhaga law the position is different. According to that law a coparcenary is formed only when the inheritance opens, and there must be two or more male heirs before a coparcenary can be formed. But if any of these male coparceners dies leaving surviving him a widow or a daughter that widow or daughter would be admitted into the coparcenary in the place of the deceased coparcener. As for example, a Hindu governed by Dayabhaga law dies leaving three sons A. B and C. The three sons, A. B and C, inherit the property jointly and form a coparcenary (although each inherits a defined share). If before partitioning their shares, B dies leaving a widow, BW, and C dies leaving a daughter CD, then A, BW and CD will be members of the Coparcenary originally formed by A, B & C. It will thus be seen that the Dayabhaga law differs from the Mitakshara in admitting females into the coparcenary in certain circumstances although they cannot originally form a coparcenary. A coparcenary is a fortiori an Undivided Hindu family and the income from the coparcenary property will, according to the Dayabhaga law, be assessable as the income of an undivided Hindu family notwithstanding that such coparcenary consists of only one male member and one or more female members.

(d) The income from ancestral property of a Hindu (governed by any school of law) with no son but with a wife and/ or daughters is to be assessed as the income of an individual. It would be as inconsistent

with

with the interpretation of the law of the Dayabhaga as of the law of the Mitakshara to hold that property which a man has obtained from his father belongs to a Hindu undivided family by reason of his having a wife and/or daughters. Indeed, since under the Dayabhaga law a son has no greater right in his father's property than that of maintenance during his minority and the father is the absolute owner of property devolving upon him, even the existence of a son will not make the income of the property in the father's hands the income of an undivided family.

Ram Nath
27-11-37

Second Secretary, Central Board of Revenue.

To

All Commissioners of Income-tax.

Share copies will follow.

K.C.S.
26/11.

S.N. 41

Issued 16/12/37.

162

Res. Mysore 39.

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 21st December *1937*

Issued 21/12/37.

No. F. 97-37
R. O. I

A copy of the undermentioned paper(s) is forwarded to the

Assistant Commissioner of Income-tax, Civil and Military Station, Bangalore, for information and guidance.

for information, in continuation of / with reference to the ~~correspondence ending with~~ his memorandum / letter / endorsement from

No. ~~dated~~ the

By order, etc.,

Sd. A. J. Courtney

for *Secretary* ~~Asst. Secy.~~ *to the Resident.* and Commissioner of Income-tax.

16.12.37

LIST OF PAPERS.

Circular from the Central Board of Revenue No.11 of 1937/ R.Dis.No.558-I.T./37, dated the 24th November 1937.

S.N.40
P.U.C

15-12-37

1687—12-3-1937—2,000—RPB.

S.N.43

64

R. Dis. No. 747- I.T./37.

CENTRAL BOARD OF REVENUE.

New Delhi, the 14th December 1937.

From

Rai Bahadur Pandit Ram Nath, B.A.,

Second Secretary, Central Board of Revenue

To

All Commissioners of Income-tax,

Income-tax officers- Kashmir State and British India- Direct correspondence on purely routine matters.

Sir,

The Government of Kashmir having intimated that they have authorised their Income-tax Officers to correspond direct with the Income-tax authorities in British India on purely routine matters, I am directed to say that with due regard to the provisions of section 54 of the Indian Income-tax Act, 1922, Income-tax officers in British India may correspond direct with Income-tax Officers in the Kashmir State on purely routine matters.

I have the honour to be,

Sir,

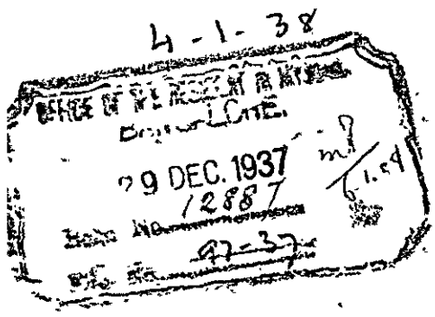
Your most obedient servant,

Ram Nath
20-12-37

Second Secretary, Central Board of Revenue.

Copy forwarded to the Political Department. Their papers are returned.

4-1-38



2.

S.N. 44

165

Res. Mysore 39.

OFFICE OF THE HON'BLE THE RESIDENT IN MYSORE,

Bangalore, the 25th January *1938*

No. F. 97-37
R. O. I

A copy of the undermentioned paper(s) is forwarded to the

Assistant Commissioner of Income-tax, Civil and Military Station,

Bangalore, for information.

for information, ~~in continuation of~~ with reference to ~~the correspondence ending with his~~ memorandum / letter / endorsement from

~~No.~~ ~~dated the~~

By order, etc.,

for *Secretary* ~~Asst Secy~~ *to the Resident.* &
Commissioner of Income-tax.

LIST OF PAPERS.

S.N.42 Circular No.13 of 1937 of the Central Board of Revenue, R.Dis No.711-I.T./37, dated the 15th December 1937.

S.N.43. Circular letter from the Central Board of Revenue, R.Dis.No. 747-I.T./37, dated the 14th December 1937.

1687—12-3-1937—2,000—RPB.